

BUDGET 1953-54

(SECOND HALF-YEAR)



FINANCE MINISTER'S SPEECH

28th December 1953.

GOVERNMENT OF ANDHRA

FINANCE DEPARTMENT

Speech of Sri Tenneti Viswanatham, Finance Minister, presenting the Budget for 1953-54 (second six months) to the Legislative Assembly of Andhra on the 28th December 1953.

Sir,

Introductory :

It is with feelings of pleasure as well as humility that I rise to present this, the first Budget of the Andhra State.

2. Actually the budget of the year 1953-54 was discussed by the Members of this House, barring a few of us, last March, when the proposals for the whole year were placed before you in the Madras Legislature although only a Vote on Account was taken to meet the expenditure for the first six months of the year. Since then, under the Andhra State Act, the Governor of Madras has authorized expenditure from the Consolidated Fund of the State of Andhra for the period ending with January 31st, 1954, pending the sanction of the expenditure by this Legislature and that is the reason why, although nearly three months are over, Budget proposals for the six months ending with the 31st March 1954 are now placed before you. The Budget or the Statement of Revenue and Expenditure of the State for the period is submitted to the vote of this House now, except so much of

the estimates as relate to expenditure charged upon the Consolidated Fund of the State, which, as you know, may be discussed though they are not subject to vote. This House will also have to pass an Appropriation Act as soon as the Demands are voted and the Grants made. In the circumstances, the Estimates of Revenue and Expenditure placed before you cannot, in the nature of things, contain any well-marked features which can only be expected in the Annual Statement for 1954-55 which will be presented to this House early in March next. The constitution of the Andhra State in the middle of the year has had several reactions on the administrative and financial sides of the Government. Some of the attendant difficulties and handicaps were already dwelt upon in the Governor's Address last month; it would therefore be unnecessary for me to go into the details although it is impossible to forget them or keep them out of view in considering the Budget now placed before you; for there is no branch of administration which has yet got out of the effects of what happened in the course of the six months that preceded the actual date of partition. Institutions and personnel have been split up. Sources of revenue and the direction of expenditure have likewise been affected; but as there is no use in going over these adverse reactions, I shall not dilate on them. Moreover, they are matters of common knowledge to most of the Members here.

However, I cannot pass over without making a reference of my humble appreciation to my two colleagues, Sri N. Sanjiva Reddi and Sri G. Latchanna, who in the deliberations preceding the inauguration,

strained every nerve in the Committee presided over by Sri C. M. Trivedi, now the Governor of this State, to solve as many partition problems as possible and for the smooth transition of the Government from the Composite State to ours, and also all matters connected with the inauguration of the State on the 1st of October 1953. Appreciation is also due to all the officers, including those now serving in the Residuary State, who both during the time preceding the partition and at the time of inauguration, did all their best to bring the State into being without any hitch, and according to the time-schedule fixed up. Likewise, is my warm appreciation for all the officers and staff, who, in spite of difficult conditions of living are putting their heart and soul in the work of the Government today.

Members of this House have already had occasion, when the Governor delivered his Address on the opening of this session last month, to recapitulate the circumstances in which the Andhra State was born. Nearly three months are over since the birth of the State, but conditions have not yet settled down nor have the members had time to concentrate on the urgent and essential problems that are facing the people of the State and waiting for the undivided attention of the Legislature. But there seems to exist an historical necessity and inevitability behind the course of events that have happened since the new State began to function. I hope that that atmosphere will clear up now, so that we can, all of us, put our heart and soul into this great and joint venture of building up a new State and solve the problem of the fulfilment of the objectives for which it has been claimed and formed.

Seasonal conditions :

3. The seasonal conditions this year have fortunately been good, much better than what they were during the last so many years. Fair and abundant crops naturally tend to reduce prices, but there is no evidence that the reduction in prices has anywhere been such as to create real harm to the producers. The fall has just been of the measure to help to ease the position for the middle and lower income groups of consumers. People have everywhere been saying that the best augury for the future of the Andhra State is the synchronization of the constitution of the State with good rains and good crops.

Revenue account :

4. I now come to the figures of the Budget. The estimates for the Revenue Account are :—

	RUPEES IN LAKHS.
Revenue	1,182·59
Expenditure on Revenue account..	1,234·17
	<hr/>
Deficit ..	51·58
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Godavari floods :

5. Before going into the details of the Budget, let me mention one occurrence which has affected the receipts as well as the expenditure, namely, the floods in the Godavari. Two districts (East Godavari and West Godavari) suffered great damage on account of the floods. There was extensive damage to houses and other property. A total sum of Rs. 18·83 lakhs was sanctioned for reconstruction of the damaged huts at about Rs. 30 per hut. Loans were also given for repair or reconstruction of houses damaged by floods. A total provision

of Rs. 20 lakhs has been made in the Budget for this purpose, while a sum of Rs. 12.70 lakhs was disbursed till the end of November 1953. Certain other relief measures were also sanctioned. Compassionate gratuity was given to the families of a few persons who lost their lives in the floods. Loans were granted to cultivators for the purchase of cattle to replace those lost in the floods, and subsidies to weavers for the purchase of looms at Rs. 25 per loom subject to a maximum of two looms for a family. Detailed azmoish is being conducted to ascertain the loss of crop due to floods in the two districts. After the report based on the azmoish has been received, the question of remission or postponement of Land Revenue will be considered. Provision has been made on a larger scale than usual for the grant of takkavi loans in the two districts. Ammonium sulphate and jonna seeds were sold at concessional rates. Besides, expenditure to the extent of Rs. 7 lakhs has been incurred on repairs to irrigation works damaged by the floods. As regards Rayalaseema, I am glad to say that on account of rains in October, the position has greatly improved. Gruel centres were continued in certain areas only till the end of November.

Revenue :

6. I shall now make a brief review of the revenue under the main heads. The principal heads of Revenue are the State's share of Union Excises and Income-tax, Land Revenue, Forest, Stamps, Registration, Receipts under Motor Vehicles Acts and the Commercial Taxes (comprising mainly proceeds of the Entertainment Tax, the Tobacco Tax, Receipts under Sale of Motor Spirit Taxation Act and General Sales Tax). Of the total revenue, 28.0 per cent

is contributed by Land Revenue including portion due to irrigation, 16·4 per cent by the Commercial Taxes and 12·7 per cent by the share of Income-tax allocated to this State by the Centre. The pattern of income has slightly changed from what it was in the Composite State. In the Composite State, Land Revenue formed about 14·0 per cent of the total Revenue ; it remains at the same percentage for the Residuary State. But it constitutes 28·0 per cent of the total in our State as stated above. So also Commercial Taxes which constituted about 25·3 per cent of the Revenues of the Composite State, remain nearly at that figure in the Residuary State while they form only 16·4 per cent of the Revenue in our State.

Union Excise and Income-tax :

7. With reference to the provisions of Article 272 of the Constitution and the recommendations of the Finance Commission, 40 per cent of the net proceeds of Union Excise duties on tobacco, matches and vegetable products are allocated to States on the basis of population. The share of the Composite Madras State in the divisible pool is 16·44 per cent. Under paragraph 7 of the Seventh Schedule to the Andhra State Act, 36 per cent of the Composite State's share will be assigned to Andhra. As regards Income-tax, on the basis of Article 270 of the Constitution and the recommendations of the Finance Commission, 55 per cent of the net proceeds of taxes on income other than Agricultural income are allocated to States. The share of the Composite Madras State is 15½ per cent of the pool ; Andhra will get 36 per cent of this share with reference to paragraph 7 of the Seventh Schedule of the Andhra State Act. For the second half of the current year, the receipts of the Andhra State under the two

heads will be 33 per cent of one half of the amount payable to the Composite State.

Land Revenue :

8. Under Land Revenue, remissions have been sanctioned to the extent of Rs. 8.56 lakhs in Anantapur, Cuddapah, Kurnool and Nellore districts on account of the scarcity conditions that prevailed there. Including this and the probable remission in East and West Godavari districts, a total sum of Rs. 50 lakhs has been allowed for in the Budget. As already stated, the question of the remission to be granted in East and West Godavari districts will be considered after the report on azmoish has been received.

State Excise Duties (Prohibition) :

9. I can well see that members are anxious to know what this Government propose to do with Prohibition. In deference to the various views expressed from time to time on its working, the Government have decided to appoint a Committee to go into the whole question and to report in time for implementing the recommendations in the coming Budget for 1954-55.

Commercial Taxes :

10. Next to Land Revenue, the Commercial Taxes are our biggest source of Revenue. Therefore, the Government are strengthening the department and taking steps to make the collection-side more effective. There is also the vexed question of single-point, or multi-point tax. A sister state has adopted a third course, namely, a two-point basis. An examination of the question reveals that no one system is by itself perfect and the

tax-payer as well as the tax-gatherer must be responsive to changing situations and make adjustments, when such situations stabilize themselves at a particular stage. The Government are examining the whole question now.

The estimate under "General Sales-Tax" has been prepared with due regard to the possible effect of the operation of Article 286 of the Constitution on the collections. The estimate of receipts under Tobacco Taxation Act has been fixed on a rough basis in the absence of any reliable data.

Forest :

11. The revenue under Forest is not appreciable. A limited quantity of sandalwood occurs in the Palamaner Plateau in the Chittoor district. The principal species of timber available are sal in Visakhapatnam Agency and teak in the Godavari Agency and the Nallamalais. Besides, there are some bamboo forests and casuarina plantations.

Grants from the Central Government :

12. Credit has been taken for the following grants from the Central Government :—

Grants for Grow More Food Schemes and Community Development Projects (Rs. 25.00 lakhs).

Grants from the Handloom Cess Fund for the relief of Weavers (Rs. 19.50 lakhs).

Grants under Article 275 of the Constitution for the betterment of scheduled tribes (Rs. 8.6 lakhs) and Grants for "Local Development Works" (Rs. 7.38 lakhs).

The term "Local Development Works" is intended to cover schemes which have their origin in the people themselves working through voluntary associations, Village Panchayats, etc. The basic idea is to stimulate the enthusiasm of the people for the Five-Year Plan through local schemes for the execution of which they will be prepared to contribute either in cash or in kind (by supply of materials) or through voluntary labour. Works coming under this category are drinking water-supply schemes, schemes for improvement of agriculture, rural sanitation, school or dispensary buildings, construction of village roads, etc.

Expenditure on Revenue Account :

13. Let me take the Expenditure heads now. I shall only refer to some of the important ones. On the expenditure side, Education accounts for 17·8 per cent, which is nearly the same in the Residuary State, General Administration 11·6 per cent, which also is nearly the same in the State of Madras, Irrigation including interest on Capital Outlay 10·7 per cent, and Buildings and Roads 8·9 per cent.

General Administration :

14. Provision has been made for the salary and the allowances of the Governor in accordance with the President's Order issued in September 1953. Effect has been given in the estimates to the voluntary surrender of Rs. 1,250 per mensem made by the Governor in his salary. I am sure the House will join with me in placing on record our sense of appreciation of this generous gesture of the Governor.

Administration of Justice :

15. The Government have decided, as Honourable Members know, to extend the scheme of separation of Judiciary from the Executive to the West Godavari district with effect from the 1st April 1954. In this connexion, I would also say that the Government are taking steps to implement such of the recommendations of Rajagopalan Committee as can be implemented without delay.

Jails :

16. Under section 59 of the Andhra State Act, certain jails and Borstal schools in the States of Madras and Mysore are allowed to be used for the retention of persons sentenced by Courts in Andhra. The terms and conditions have yet to be settled with the Governments concerned. There are over two thousand prisoners from the Andhra area confined in jails and Borstal and certified schools of other States. Pending settlement of the terms, provision has tentatively been made on an approximate basis for the payment to other States of the maintenance charges of these prisoners.

Government are considering proposals to make the Andhra State self-sufficient in the matter of jails including provision of a tuberculosis hospital for admitting prisoners and also to start industries like cotton spinning and weaving, woollen spinning and weaving, leather industry and iron and aluminium works.

Education :

17. A sum of Rs. 235.58 lakhs has been provided under Education including Rs. 15.37 lakhs, Rs. 22.89 lakhs and Rs. 168.07 lakhs, respectively, for University, Secondary and Elementary Education.

Andhra University :

The Government are aware of the difficulty to which the Andhra University has been put on account of the abolition of Zamindaries in Orissa, and the annual contribution due from the Maharajah of Jeypore not having been paid to the University.

The Government are also anxious to get the Colleges in the districts of Anantapur, Kurnool, Cuddapah and Chittoor affiliated to the Andhra University. The Andhra University have assured us that, on such re-affiliation, it would do its best to promote higher education in these districts, so that the students do not suffer in any way. The Madras University will then be requested to dis-affiliate the Colleges in favour of the Andhra University.

In the circumstances, the Vice-Chancellor has pleaded that the statutory grant be increased by a lakh of rupees. We are examining the question, and we hope to be able to accede to the request before the year ends.

At this stage I might make mention of the modified Elementary Education Scheme. We have now before us the report of the Expert Committee appointed by the Government of the Composite State. They have said "Our final thoughts on the out-of-school programme are that it is a good programme, that it adds a unique feature to the shift system but equally that it requires greater care than is contemplated in the modified scheme". The Committee have made several recommendations which are now being examined by the Government. I can only say now that the Government will do what is best for the pupils and what serves best the cause of Elementary Education in the

State and will have no sentiment in making alterations in this or any other scheme to serve the purpose.

Medical and Public Health :

18. Coming to Medical and Public Health, we have only one Medical College and one well-equipped Hospital in the State and they are at Visakhapatnam. In other districts, besides the headquarters hospitals, some local fund hospitals and dispensaries are being taken over by the Government and developed. Rural dispensaries are also being opened in new places gradually year by year. Expansion of medical services, like all other services, is subject to the limitations of finance. Of the 35 municipalities in the Andhra State, 18 have protected water-supply, but the supply is not sufficient in some of them. Four municipalities have partial drainage schemes. According to the present policy of the Government, municipalities should first execute water-supply and drainage schemes by raising loans from the Government or in the open market. In cases where such loans are not adequate and the municipalities have no other resources, grants are given to the extent necessary to finance the schemes.

Agriculture :

19. Seventeen million acres of land in Andhra State are now sown with crops. Of this, only about 5 million acres are irrigated by river, well and tank water. The Government will soon take steps to see how much of the cultivable waste shown in the accounts usually is easily available for men of ordinary means to bring under the plough. The Government are also considering other proposals to relieve the land hunger and as soon as the proposals are ready, they will be placed before this House for consideration.

There is need for improvement and extension of irrigation. Under the Intensive Manuring Schemes, loans amounting to Rs. 98 lakhs were disbursed to end of October. A sum of Rs. 3.35 lakhs was expected to be disbursed in November. Proposals for the disbursement of a further sum of Rs. 20 lakhs for the second crop season are under consideration.

The New Food Policy :

20. Ever since the formation of our new State, the Government have been concerned to bring about a revision of the existing system of procurement and distribution of foodgrains and to adopt a new policy which would best subserve the food economy of our State. The Andhra Government have been alive to the obligation devolving on them as a surplus State, to comply with the requirements of the general Food Policy and Plan of the Government of India in general and to make available customary supplies to the Madras State in particular.

The existing zonal system under which the surplus districts of the Andhra State have been tacked on to the deficit districts of the Madras State so as to constitute a zone within which free movement is allowed, will be abolished; the Andhra State will be henceforth treated as one unit.

Within the State there will be no restrictions on the movement and price of paddy and rice. The farmers will be free to sell their produce anywhere in the State in whatever quantity they like and at whatever price they may be able to secure. While thus allowing the farmers complete freedom of movement and trade in paddy and rice, the Government at the same time consider it necessary to ensure that they

get a fair and reasonable price for their produce. In view of the downward trend in the price of paddy and rice noticed in recent weeks, the Government have decided to appoint procuring agents in all the surplus areas who will purchase paddy from the farmers wishing to sell their stocks at the controlled procurement rates.

All stocks which will be procured through the agency of the procuring agents will be exported outside the State. The Government propose to export one lakh tons of rice each to the Travancore-Cochin and Madras Governments on Government-to-Government basis and another lakh tons to the open market in the Madras State through the agency of private dealers who will be appointed by tender. Any stocks which may be procured over and above the aforesaid three-lakh tons will be held on behalf of the Government of India for export to such states as may be nominated by them. No other exports for purposes of trade will be allowed.

In the formulation of our policy, we have been guided by two considerations; firstly, that sister States in need of rice should have the benefit of the surpluses in our State, and secondly, the price secured must enable this State to maintain the necessary administrative machinery for procurement and export on the scale envisaged under the scheme. Any resultant savings will be utilized for stimulating food production in the State and for larger supplies to other States.

Co-operation

21. The three apex Co-operative Institutions in the State are the State Co-operative

Bank, the State Central Land Mortgage Bank and the State Handloom Co-operative Society. In order to enable the State Central Land Mortgage Bank to provide credit for land development, Government have guaranteed the repayment of principal and the payment of interest in respect of the Bank's debentures to the extent of Rs. 4½ crores including debentures already in circulation and allotted to it when the Composite Bank was bifurcated. The Government have also provided temporary accommodation to the Bank, in order to enable it to provide credit facilities to agriculturists till funds are raised by the Bank through debentures. A sum of Rs. 27 lakhs has been provided in the budget for this purpose.

Relief to Handloom Weavers :

22. The Government of India originally allotted to this State a sum of Rs. 36.96 lakhs out of about Rs. 125 lakhs allotted to the Composite State of Madras from the Handloom Cess Fund for schemes for the encouragement of the handloom industry. A further sum of Rs. 7.39 lakhs is expected out of an additional sum of Rs. 23 lakhs allotted to the Composite State. These sums will be spent on schemes which aim at (a) bringing new weavers within the co-operative field, (b) the expansion of the organization of the State Handloom Weavers' Co-operative Society for internal marketing, (c) propaganda for the sale of handloom cloth research for improvement in designs and better technique and (d) subsidy for cushioning the sales of handloom cloth. The Government have also directed the opening of gruel centres in areas where there is a large number of weavers in distress for want of employment. These gruel centres will function for the present till the end of December 1953.

Welfare of Harijans and Scheduled Tribes :

23. Schemes for the amelioration of the Harijans and Scheduled Tribes are going apace. The Government would also create a special Fund for the purpose next year and step up the progress. Some of the recommendations of the Malayappan Committee in this connection have been implemented; for example, provision of drinking-water wells, development of fisheries, training in cottage industries, improvement of cattle wealth, recognition of hostels, making boarding grants, extension of Women's Welfare Department's activities, anti-malarial operations, free supply of vegetable seeds to hillmen, establishment of tractor stations and of seed banks in some areas, employment of additional touring Veterinary Assistant Surgeons, and similar matters. The other recommendations are under examination; as and when decisions are taken, they will be implemented.

Highways :

24. A sum of Rs. 100·81 lakhs has been provided for expenditure on Highways, including Rs. 18·52 lakhs for original works and Rs. 65·28 lakhs for repairs.

Famine Relief Fund :

25. The Madras Famine Relief Fund Act, 1936, has been adapted for this State, and it is proposed to build up a fund of Rs. 60 lakhs by annual contribution of Rs. 5 lakhs. Provision has been made in the Budget for a contribution of Rs. 5 lakhs to the Fund in the current year to start with. If funds are required for expenditure on famine relief in excess of the amount available in the Famine Relief Fund, the required amount will be found from revenues.

Government Press :

26. A small nucleus Press has been started in Kurnool and the *Andhra Gazette* is being printed here. With the limited machinery and types available, this Press is unable to take up other work such as printing the Budget, Legislative Assembly Proceedings, etc. Proposals are under consideration for getting more machines from Madras Government Press, and also for purchasing new machines. It is hoped that by the middle of 1954-55 it will be possible to build up the Press to an extent that will meet the full requirements of the State.

Contingency Fund :

27. With reference to the provisions of Article 267 of the Constitution, a Contingency Fund has been established with a sum of Rs. 40 lakhs to start with.

Community Development Projects and National Extension Service :

28. The Planning Commission has observed that community development is the method and rural extension the agency through which the Five-Year Plan seeks to initiate a process of transformation of the social and economic life of the villages. The Community Development Programme imposes financial obligations on the Centre as well as on State Governments. The proportions which have been fixed are 75 per cent for the Centre and 25 per cent for the State in respect of non-recurring expenditure, and 50 per cent each for Centre and States in respect of recurring expenditure. Loans for self-financing schemes will be given by the Central Government. The entire expenditure is expected to be borne by the State Government after the third year. Two Community Development Projects are now working in the

Andhra State, one in the Kurnool-Cuddapah Canal area and the other in the East Godavari district. They have been in operation from October 1952. Some time was lost in the recruitment and training of personnel and other organizational matters. Good progress has, however, been made in the fields of health, rural sanitation, communications and irrigation. Public response has been satisfactory. It is hoped that the progress in the current year will be more rapid. A sum of Rs. 20.69 lakhs has been provided in the budget for the gross expenditure on account of the two projects. The question of starting Community Project works in two more blocks is under the consideration of the Government. A proposal to open 26 National Extension Service blocks is also under the consideration of the Government. The Government of India suggested the opening of 22 blocks in the State in the current year. This Government propose to add 4 blocks more and make them 26. The scheme is proposed to be worked in areas where rural welfare work is already being done, so that duplication of staff and other expenditure may be avoided.

Grants-in-aid, etc., to Local Bodies :

29. Grants are given to local bodies for various purposes such as maintenance of schools, hospitals, maternity and child welfare centres, water-supply and drainage schemes, roads, etc. A statement is annexed showing the provision made in the Budget for assistance to local bodies in various forms (Annexure I).

Religious and Charitable Endowments :

30. Members are aware that some provisions of the Hindu Religious and Charitable Endowments Act have been declared invalid by the Supreme Court. The Government, while they

do not resent it in any manner, must also draw the attention of the House to the fact, that they have a duty to control the secular side of the administration of all institutions which are maintained by public charities and endowments and are considering the steps to be taken in furtherance of that object. The Government are also considering the steps to be taken to bring all the Charitable Endowments under the operation of the Act. These steps are essential not merely to purify the institutions and their administration but they are also essential to restore man's faith in moral laws and renew honest standards of public service.

Revenue Deficit :

31. The deficit anticipated in the Budget is about half a crore of rupees. As this Budget is not a full year's Budget and as it consists mostly of ratifying expenditure already incurred, the problem of filling up the gap between current revenues and expenditure is not placed before this House now, but members will have before them the proposals of the Government when the Budget for next year is presented.

Capital Expenditure—

Irrigation Projects :

32. The bulk of the Capital expenditure falls under Irrigation and Electricity schemes. Under irrigation, the main schemes provided for are the Tungabhadra Project, Romperu Drainage Project, the Upper Pennar Project, the Bhairavanitippa Project, the Rallapad Project, Improvements to the Godavari flood bank and Construction of regulator-cum-bridge across the Krishna. The last two are new schemes. It is proposed to start work on them in the current year in view of their extreme urgency. Provision has also been made for the tank improvement schemes on the usual scale.

The Romperu Drainage and the Rallapad Projects are expected to be completed in 1954 and will benefit 21,000 acres of land. The Upper Pennar Project and the Bhairavanitippa Project will irrigate 14,000 acres and the former will be completed in 1955. The Tungabhadra Low Level Canal Project is an Inter-State Project in which the interests of Andhra, Hyderabad and Mysore are involved. The construction of the dam is almost completed and the manufacture of the gates for sluices and shutters for the overflow section has been taken up. The Low Level Canal with all necessary works has been completed up to mile 173 and works below this point are in progress. In the Andhra area, the scheme will bring under irrigation a total extent of 158,000 acres in the Kurnool district.

Improvements to the Godavari flood bank and the construction of a regulator-cum-bridge on the Krishna are schemes for maintaining existing works in proper repair and ensuring the continuous production of food stuffs in the Godavari and Krishna deltas. The schemes have been sanctioned by the Government. Pending consideration by the Planning Commission, the Government have issued orders for commencement of work on both. The Government of India have been requested to assist this State with a loan to meet the expenditure on the schemes.

Electricity schemes :

33. Under Electricity, the important schemes for which provision has been made are the Machkund and Tungabhadra Hydro-Electric Schemes, the Nellore Thermal Scheme and the scheme for the supply of power to Chittoor.

The Machkund Hydro-Electric Scheme is expected to go into operation by the middle

of 1955 and bring in Hydro-Electric power to the extent of 24,000 K.W. for the Andhra State. The estimated cost of the project is Rs. 23.19 crores (i.e., Rs. 13.57 crores for the generating station and headworks and Rs. 9.62 crores for the transmission lines and sub-stations). About Rs. 12.07 crores have already been spent up to the end of the September 1953. The 132 K.V. Transmission lines for taking the power from Machkund are expected to be completed by the end of 1953 and the connected sub-stations by the end of 1954.

The Tungabhadra Hydro-Electric Scheme is a subsidiary part of the main irrigation project. Since the 1st October 1953, the project has come under the control of the Tungabhadra Board set up under an order of the President. All the civil works connected with the dam-site powerhouse are in progress and are likely to be completed by the end of 1956. The investigations connected with the canal site powerhouse are under way. Both the powerhouses are expected to go into commission in 1957, bringing in hydro-electric power to the extent of about 51,000 K.W. for the benefit of the Andhra State. Transmission lines and sub-stations are under erection and are expected to be ready well in time to receive the power generated.

Building schemes :

34. Under buildings, a total provision of Rs. 29½ lakhs has been made in the Budget for three new works, namely, construction of quarters for government servants, mostly non-gazetted (Rs. 25 lakhs), construction of a central office building (Rs. 3 lakhs) and construction of State Guest House (Rs. 1.50 lakhs) in Kurnool. As Honourable Members

are aware, Government servants of the Secretariat and other offices at Kurnool are living in tents. It is essential to provide them with quarters before the hot season sets in. Five hundred quarters are proposed to be constructed at a total cost of Rs. 42 lakhs. Three hundred and fifty quarters are expected to be ready by the end of March 1954 and the rest by the end of May 1954. There is also urgent need for a central office building as the Secretariat Offices are now scattered in four different buildings. The estimated cost of the building is Rs. 5·7 lakhs. The need for a State Guest House with modern amenities is also keenly felt. Apart from new building schemes, provision has been made for some schemes which are already in progress, namely, construction of buildings for the Government College at Cuddapah, the Headquarters Hospital at Eluru, King George Hospital at Visakhapatnam and the Medical College at Guntur.

Compensation to landholders, etc., on the abolition of the zamindari system :

35. A sum of Rs. 8 lakhs has been provided for advance compensation (Rs. 4·50 lakhs) and for interim payments (Rs. 3·50 lakhs) in respect of all types of estates (zamindari, under-tenure, and inam estates), which have been notified and taken over by the Government in the Andhra area.

Loans and Advances :

36. As already stated, loans are being given to the victims of the floods in the Godavari for the reconstruction of houses and also for the purchase of cattle, manure, seeds, looms, etc. A provision of Rs. 20 lakhs has been made for loans to house-building co-operative societies. A sum of Rs. 17·50 lakhs has been provided for

loans to weavers' co-operative societies, out of the amount placed by the Government of India at our disposal from the proceeds of the Handloom Cess Fund. Under water-supply and drainage schemes, provision has been made for loans to the Municipalities of Kakinada (Rs. 3.60 lakhs), Chittoor (Rs. 2.04 lakhs), Kurnool (Rs. 1.70 lakhs), and Visakhapatnam (Rs. 41,000).

Ways and Means :

37. The total provision made for Capital expenditure and disbursements of loans and advances is Rs. 711.25 lakhs. Adding the Revenue deficit, the total amount to be found is Rs. 762.83 lakhs. As against this, the resources available amount only to Rs. 380.40 lakhs made up of this Government's share of the loan floated in the open market by the Madras Government in July 1953 (Rs. 245 lakhs), the Government of India loan from the Handloom Cess Fund (Rs. 17.50 lakhs) and recoveries of loans and advances given previously to agriculturists, local bodies, etc. (Rs. 117.90 lakhs). There is thus a gap of about Rs. 382 lakhs between the requirements and the resources. The Government of India have been addressed for a loan of Rs. 375 lakhs to cover this gap. I may point out that, except for a deficit of Rs. 51 lakhs, loan money will be spent only on irrigation, electricity and building schemes and on other Capital expenditure, according to the accepted principles of financing Capital expenditure.

Five-Year Plan :

38. A tentative break up of the Composite Five-Year Plan has been worked out and the estimated cost of the portion of the plan relating to the Andhra State amounts to about

Rs. 51 crores. Of this, a sum of Rs. 27.00 crores covers irrigation and electricity projects such as Tungabhadra, Machkund, etc. The balance of about Rs. 24.00 crores is to be spent on Agricultural schemes and Rural Development, Social Services including Industry and Transport. The formation of new roads, the construction of new bridges, the opening of new hospitals and schools, sinking of new public wells, and the supply of manure and seeds to agriculturists are all included in the plan. Two and half years out of the period covered by the plan have elapsed. As far as the execution of the plan is concerned, the progress may be described as satisfactory. Results have not, however, accrued proportionately, as the major works on the Capital side are still under execution, and it will take some time for their benefits to accrue. For the year 1953-54, a provision of about Rs. 5½ crores has been made for schemes debitable to Capital Heads and of Rs. 2½ crores for schemes debitable to the Revenue Account. A statement giving details of the schemes is annexed (Annexure II).

The Government have also taken up with the Planning Commission the question of including some more irrigation projects in the Five-Year Plan. The State is likely to receive financial aid from the Centre to the extent of 5 crores of rupees for financing medium irrigation projects particularly in the scarcity areas.

Honourable Members will appreciate that there is a very large gap between the amount required for implementing the schemes included in the Plan and the resources available. A large measure of Central assistance has already been drawn for financing the irrigation and power projects so far. While the Centre may be good enough to extend some more

assistance to our new State, we must ourselves face the responsibility of finding the necessary resources in a large measure.

The great task before us :

39. The foregoing brief survey is enough to show that there is urgent need for development in various directions. The difficulty is essentially one of finance. It will be in conformity with the principles of sound finance to rely on borrowed funds for Capital expenditure on irrigation, electricity and other schemes which will produce assets of a permanent character and the return from which (together with indirect benefits) will enable us to meet the charges on account of interest on the loans. But, for the improvement of social services such as education, medical relief, etc., we have to find additional resources on the Revenue side.

Apart from new irrigation schemes proposed to be included in the first and second Five-Year Plans, the works which are now in progress require Rs. 7 crores for completion. A further sum of Rs. 18 crores is required to complete the electricity projects in progress.

In the matter of education, medical and public health the long neglect in the past and the present demand to bring them up to the level of advanced States have made the problem of progress so enormous that it is very much beyond the resources of this State to provide for all the demands all at once. It has been estimated that the completion of the Guntur Medical College and hospitals schemes, the up-grading of the district headquarters hospitals and the taking over of all the local fund hospitals would cost the State nearly 6 crores of rupees, while on the public health

side the figures are even more staggering. Urban and major panchayat water-supply and drainage schemes, and underground sewage systems alone would cost Rs. 55 crores on a rough basis at the level of the present estimates, even to bring the provision to the minimum accepted standards. The completion of the building and equipment programme for the Engineering Colleges and the development of primary, basic, adult, technical, vocational and University education also take us to a figure of equal magnitude.

Members know that the resources of this State amount to only a little more than 20 crores a year and we are starting with a deficit budget and a Public Debt which, in all probability, will be about 120 to 125 per cent of the yearly income. Such is the magnitude of the problem and such are the resources. Let us approach the great task before us with a spirit of determination to strive and achieve. We need not despair ; for the wealth of a people consists not merely of rupees, annas and pies, but in their determination and their ability to exploit available resources to the best advantage. In this respect, the people of our State will, I am sure, prove themselves second to none.

40. I take this opportunity to place on record our thanks to Sri V. K. Rao, Finance Secretary, for the care and industry which he has put into the work and also to the Deputy Secretary, Sri T. E. Veeraraghavachari, and officers and staff of the Finance Department, who have, in spite of the unprecedented handicaps inherent in the situation, put in their best efforts, for the expeditious preparation of the Budget.

41. I need not repeat the limitations under which this budget has been prepared. I need not also say that by the time we pass the Appropriation Act, nearly $3\frac{1}{2}$ months out of the 6 months for which we pass this Budget will have passed. Besides, even in ordinary times in an established State, two months, even if they are peaceful, are not enough to prepare a Budget with any special feature; what then shall we say of a new State? Not merely this, the amounts at the disposal of the Government are those which are not of their choice but are what have been authorized by dividing the Composite State's allotments which were based upon policies pursued by that Government for some years. It is easy, therefore, to realize that this Government has very little to choose or to alter on this occasion. Add to this, the want of several relevant records and conditions created thereby which are so well known to most of the Members, and you will be able to realise the difficulty of the task. I would, therefore, request you to bring into relief the essentials, and concentrate your deliberations on those, leaving out matters which lead to fruitless controversies without enabling the Government to plan and execute schemes of progress and welfare. Enlightened opinion in the State requires of us a spirit of mutual adjustment and of self-sacrifice, placing service above self. Let me hope and fervently pray that as a result of the deliberations on this Budget, we will all be able to lay the foundations of a State of which not only we but the generations coming after us will be proud. I have done.

42. Sir, my thanks are due to you and to the House for the attention and patience with which my address has been followed.

KURNOOL, TENNETI VISWANATHAM,
28th December 1953. *Finance Minister.*

ANNEXURE 1.

STATEMENT SHOWING THE ASSISTANCE RENDERED TO LOCAL BODIES.

AMOUNTS INCLUDED IN THE BUDGET ESTIMATE 1953-54
(SECOND SIX MONTHS) FOR FINANCIAL ASSISTANCE
GIVEN TO LOCAL BODIES.

	<i>Budget Estimate 1953-54 (second six months).</i>
	RS.
<i>Land Revenue :</i>	
Payment to Local Bodies of land and other cesses collected on their behalf.	95,00,000
<i>Stamps :</i>	
Surcharge on stamp duties payable to local bodies (approximate).	40,00,000
<i>Motor Vehicles :</i>	
Compensation to local bodies For loss of income from fees for licences granted to motor vehi- cles.	3,20,800
For loss of income from tolls and taxation of motor vehicles.	9,02,700
<i>Other taxes and duties :</i>	
Payment of the net proceeds of the Entertainment tax.	16,17,000
<i>General administration :</i>	
Subsidy to District Boards towards the cost of Accountants (Scheduled Areas).	1,200
<i>Education :</i>	
Grants to local bodies	
For Secondary Education ..	10,04,400
For Primary Education ..	51,68,800

*Budget Estimate
1953-54 (second
six months).*

RS.

Medical :

Grants to local bodies for medical purposes	56,000
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Public Health :

Grants to local bodies for Public Health purposes.	2,67,800
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Contributions to local bodies towards leave salaries of subordinates.	2,500
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Veterinary :

Contributions to local bodies for purchase and maintenance of breeding bulls.	900
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Agriculture—Fisheries :

Compensation to local bodies for loss of fishery rentals.	12,100
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<i>Civil Works—Grants-in-aid</i>	15,05,000
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Miscellaneous :

Contribution to local bodies in aid of general balances—

Grants to local bodies for payment of dearness allowance.	3,75,100
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Loans and Advances :

Loans to District and other Local Fund Committees for the construction of roads, bridges, markets and buildings, etc.	8,20,000
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Loans to municipalities for construction of roads, etc.	49,500
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Loans to municipalities for water-supply and drainage schemes and for other Public Health purposes.	7,75,300
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Advances to local bodies to cover deficits.	3,88,000
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Total ..	2,67,67,100
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ANNEXURE II.

STATEMENT SHOWING THE APPROPRIATIONS MADE FOR EXPENDITURE ON DEVELOPMENT SCHEMES.

<i>Major head.</i>	<i>Budget Estimate 1953-54 (second six months).</i>
	RS.
10. <i>Forest (Demand IV) :</i>	
Development schemes :	
(i) Schemes included in the Five-Year Plan.	69 800
(ii) Other Development Schemes ..	1,24,500
Total, 10. Forest ..	<u>1,94,300</u>
<i>XVII. Irrigation, etc. Works—Working expenses (Demand VIII)</i>	
Development Schemes :	
(i) Schemes included in the Five-Year Plan.	..
(ii) Other Development Schemes : ..	95,400
Total, XVII. Irrigation ..	<u>95,400</u>
25. General Administration (Demand No. IX to Demand XI) :	
Development Schemes :	
(i) Schemes included in the Five-Year Plan.	20,71,900
(ii) Other Development Schemes ..	15,200
Total : 25. General Administration ..	<u>20,87,100</u>
37. Education (Demand XV) :	
Development Schemes :	
(i) Schemes included in the Five-Year Plan.	25,88,100
(ii) Other Development Schemes ..	64,100
Total, 37 Education ..	<u>26,52,200</u>

Major head.

*Budget Estimate
1953-54 (second
six months).
Rs.*

38. Medical (Demand XVI) :

Development Schemes :

(i) Schemes included in the Five-Year Plan. 1,58,200

(ii) Other Development Schemes 12,900

Total, 38. Medical 1,71,100

39. Public Health (Demand XVII) :

Development Schemes :

(i) Schemes included in the Five-Year Plan. 12,56,700

(ii) Other Development Schemes :

Total, 39. Public Health .. 12,56,700

40. Agriculture (Demand XVIII) :

Development Schemes :

(1) Schemes included in the Five-Year Plan. 45,32,000

(2) Other Development Schemes : .. 3,22,500

Total, 40. Agriculture .. 48,54,500

41. Veterinary (Demand XIX) :

Development Schemes :

(i) Schemes included in the Five-Year Plan. 3,97,000

(ii) Other Development Schemes .. 500

Total, 41. Veterinary .. 3,98,400

42. Co-operation (Demand XX):

Development Schemes :

(i) Schemes included in the Five-Year Plan.	2,22,300
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(ii) Other Development Schemes ..	14,600
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Total: 42. Co-operation ..	<u>2,36,900</u>
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43. Industries and Supplies (Demand XXI):

Development Schemes :

(1) Schemes included in the Five-Year Plan.	8,41,800
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(2) Other Development Schemes : ..	1,38,100
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Total: 43. Industries and Supplies.	<u>9,79,900</u>
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47. Miscellaneous Departments (Demands XXII and XXIII):

Development Schemes :

(1) Schemes included in the Five-Year Plan.	22,79,700
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(2) Other Development Schemes ..	
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Total, 47. Miscellaneous Departments.	<u>22,79,700</u>
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50. Civil Works (Demands XXIV to XXVI):

Development Schemes :

(1) Schemes included in the Five-Year Plan.	23,33,000
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(2) Other Development Schemes ..	40,400
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Total, 50. Civil Works ..	<u>23,73,400</u>
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XII. 52. and 52-A. Electricity (Demand XXVII):

Development Schemes :

(1) Schemes included in the Five-Year Plan.	101,21,100
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(2) Other Development Schemes
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Total, Electricity ..	<u>101,21,100</u>
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Major head.	Budget Estimate 1953-54 (second six months).
	Rs.
63. Community Development Projects (Demand XXXII) :	
Development Schemes :	
(1) Schemes included in the Five- Year Plan.	20,68,900
(2) Other Development Schemes
Total, 63. Community Develop- ment Projects.	20,68,900
68. Capital Outlay on Irrigation (Demand XXXV) :	
Development Schemes :	
(1) Schemes included in the Five- Year Plan.	1,63,71,100
(2) Other Development Schemes
Total, 68. Capital Outlay on Irrigation.	1,63,71,100
81. Capital Outlay on Civil Works (Demand XXXVII) :	
Development Schemes :	
(1) Schemes included in the Five- Year Plan.	13,39,300
(2) Other Development Schemes ..	3,68,700
Total, 81. Capital Outlay on Civil Works.	17,08,000
81-A. Capital Outlay on Electricity Schemes (Demand XXXVIII) :	
Development Schemes :	
(1) Schemes included in the Five- Year Plan.	3,31,48,800
(2) Other Development Schemes
Total, 81-A. Capital Outlay on Electricity Schemes.	3,31,48,800

Major head.

*Budget Estimate
1953-54 (second
six months).*

RS.

82. Capital Account of other works outside the Revenue Account (Demand XXXVI) included in the Five-Year Plan.	3,22,500
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85-A. Capital Outlay on State Trading Schemes (Demand XLI) :

Development Schemes :

Schemes included in the Five- (—) 18,71,500
Year Plan.

Total, 85-A. Capital Outlay on State-Trading Schemes.	(—) 18,71,500
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XLII. Loans and Advances by the State Government :

Development Schemes :

(1) Schemes included in the Five-Year Plan.	37,72,400
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(2) Other Development Schemes.	..
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Total, XLII. Loans and Advances by the State Government.	37,72,400
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Total, schemes included in the Five-Year Plan.	8,20,24,900
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Total, Other Development Schemes.	11,96,900
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Grand total, Development Schemes.	8,32,21,800
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